



360 Capital Mortgage REIT (ASX:TCF) HY24 Results Presentation

29 January 2024



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1. Snapshot and key highlights



360 Capital Mortgage REIT (ASX:TCF) – value proposition

“360 Capital Mortgage REIT is an ASX-listed mortgage REIT which invests in a range of credit opportunities secured by Australian real estate assets”

8.2%

Forecast distribution
yield for FY24¹

(13.7%)

Trading price discount
to NTA per unit²

24.4cpu

Earnings per unit HY24

52.7%

Increase in distributions since 360
Capital taking over TCF in 2020³

52.0%

Loan portfolio
weighted average LVR

28

Portfolio of 3 loans secured by
28 individual properties

100%

All loans are secured registered
first mortgages

Aligned Sponsor

360 Capital Group largest unitholder
with 16.4% of TCFs securities as long-
term co-investment

1. Based on 42.0cpu forecast distribution and ASX unit price on 29 December 2023 of \$5.15 per unit and subject to redeployment of current cash within the Fund.

2. Based on ASX unit price on 29 December 2023 of \$5.15 per unit vs NTA of \$5.97 per unit.

3. Based on the increase in annual distributions since FY20 and forecast FY24 distributions of 42.0 cpu.



HY24 operational highlights

HY24 earnings up 29.1% on HY23, with distributions up 16.7% on HY23

Total of \$26.5m was lent in HY24, with all loans secured by registered, first ranking mortgages, general security agreements and guarantees. Average loan term 14 months.

Preservation of capital with NTA maintained at or above FY22 level

Transitioned from cashflow lending to corporates to real estate backed, first mortgage lending

HY24 highlights

24.4cpu
Earnings

21.0cpu
Distributions

28 first mortgages

Average LVR of 52.0% - diversified portfolio
of underlying apartment / house types /
service station

\$5.97 NTA per unit

**28 individual security
properties**

All mortgages are first mortgages
registered on titles



2. Loan portfolio





First mortgage Sydney residual apartment stock



Stock image

Location:	South-western Sydney
Property:	Balance 10 completed, and strata titled apartments
Loan type:	First mortgage
Facility amount:	\$0.2m ¹ (initially \$10.4m)
TCF exposure:	100%
Independent valuation:	\$4.7m (initially \$14.9m)
Interest rate:	5.0% over BBSW (initially 9.35% p.a.) with 9.0% floor paid monthly in advance
Forecast term:	18 months
Security:	<ul style="list-style-type: none"> -Registered first mortgage -First ranking general security deed -Personal guarantee -Corporate guarantee
Loan to value ratio:	4.1% (initially 70%)

1. Note: loan was fully repaid on 12 January 2024.



First mortgage Sydney residual house stock



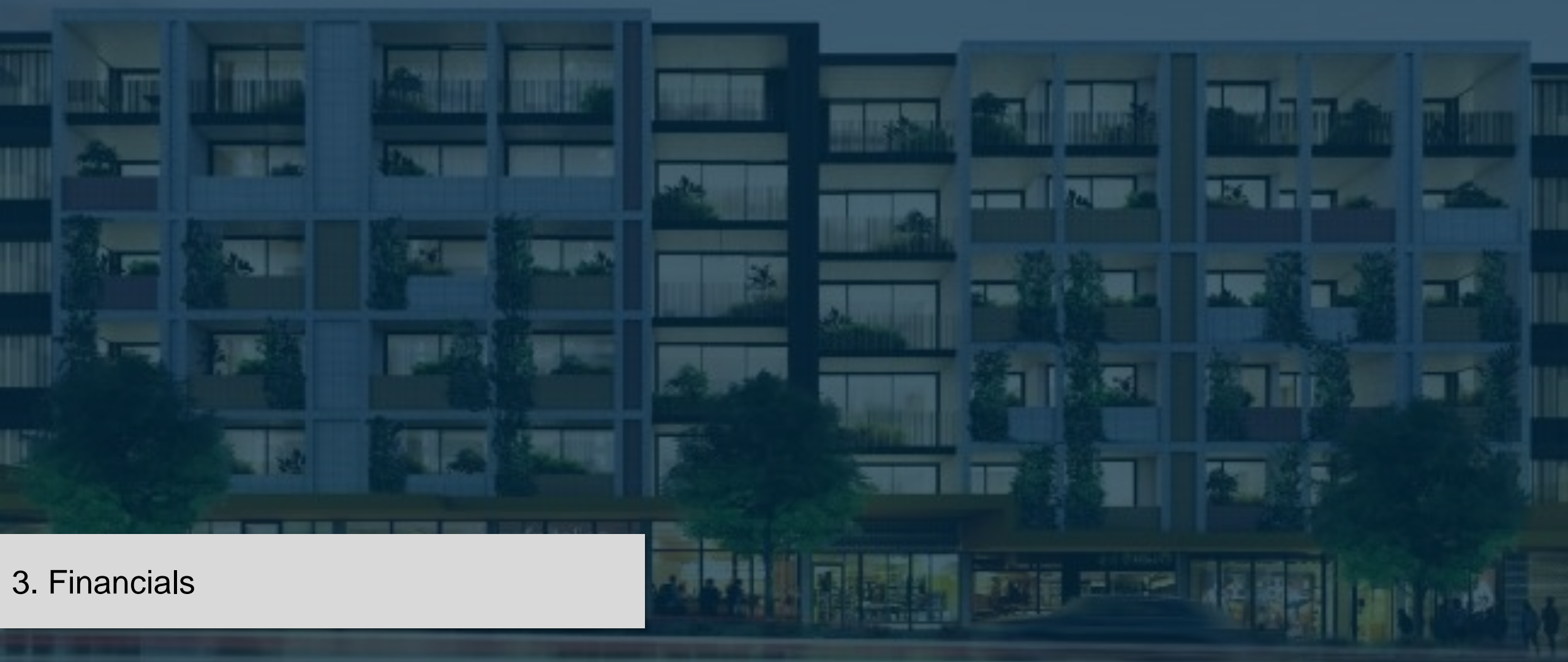
Location:	North-western Sydney
Property:	Balance 17 completed four and five-bedroom houses on freehold land with average debt value of \$827,000
Loan type:	First mortgage
Facility amount:	\$11.6m (initially \$18.2m)
TCF exposure:	85.0%
Independent valuation:	\$20.3m (initially \$26.0m)
Interest rate:	6.5% over BBSW (initially 10.85% p.a.) with 10.0% floor paid monthly in advance
Forecast term:	12 months
Security:	<ul style="list-style-type: none"> -Registered first mortgage -First ranking general security deed -Personal guarantee -Corporate guarantee
Loan to value ratio:	57.2% (initially 70%)



First mortgage Petrol Station



Location:	Central Western - NSW
Property:	The property is a recently completed petrol station development leased to United Petroleum for an initial term of 12-years
Loan type:	First mortgage
Facility amount:	\$4.6m
TCF exposure:	100%
Independent valuation:	\$6.6m
Interest rate:	5.25% over BBSW (initially 9.68% p.a.) with 9.25% floor paid monthly in advance
Forecast term:	12 months, minimum interest period of 6-months
Security:	<ul style="list-style-type: none"> -Registered first mortgage -First ranking general security deed -Corporate guarantee secured by a GSA over the Borrower -Director's guarantee
Loan to value ratio:	70.0%



3. Financials



HY24 Profit & loss highlights

Total revenue
\$1.3m
 (Dec 2022: \$1.0m)

HY23 revenue increased by 35.7% compared to prior comparative period, as a result of higher interest rates received on new real estate mortgage investments.

Operating profit
\$1.0m
 (Dec 2022: \$0.8m)

Operating profit increased by 29.4% compared to prior comparative period, driven by higher returns generated from new loan investments, whilst maintaining expenses in line with prior period.

Distributions per unit
21.0cpu
 (Dec 2022: 18.0cps)

360 Capital has increased distributions by 52.7%² p.a. since taking over in September 2020.

Profit & loss statement	HY24	HY23	Change	Change
	(\$'000)	(\$'000)	(\$'000)	(%)
Real estate mortgage interest income	1,142	965	177	
Distribution income	32	-	32	
Interest on cash balances	137	1	136	
Total revenue	1,311	966	345	35.7%
Management fees	(106)	(107)	1	
Trust expenses	(80)	(79)	(1)	
Total expenses	(186)	(186)	-	- %
Statutory net profit	1,125	780	345	44.2%
Operating profit – Non-controlling interest	116	-	116	
Operating profit ¹	1,009	780	229	29.4%
Weighted average securities on issue	4,131	4,131	-	
Operating eps	24.4 cpu	18.9 cpu	5.5 cpu	29.1%
Distribution cps	21.0 cpu	18.0 cpu	3.0 cpu	16.7%

¹ Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for non-operating items. The Responsible Entity considers operating profit to reflect the core earnings of TCF and it is used as a guide to assess TCF's ability to pay distributions to securityholders. The operating profit is currently equivalent to the profit for the year attributable to the unitholders of 360 Capital Mortgage REIT.

² Based on annualised HY24 distribution.



HY24 Balance sheet highlights

Loan investments

\$14.7m

(June 2023: \$10.4m)

The Fund had a portfolio of 3 loan investments as at 31 December 2023.

Cash

\$10.3m

(June 2023: \$14.4m)

The Fund held \$10.3 million in cash as at 31 December 2023 available to redeploy into new loan investments.

NTA per unit

\$5.97

(June 2023: \$5.94)

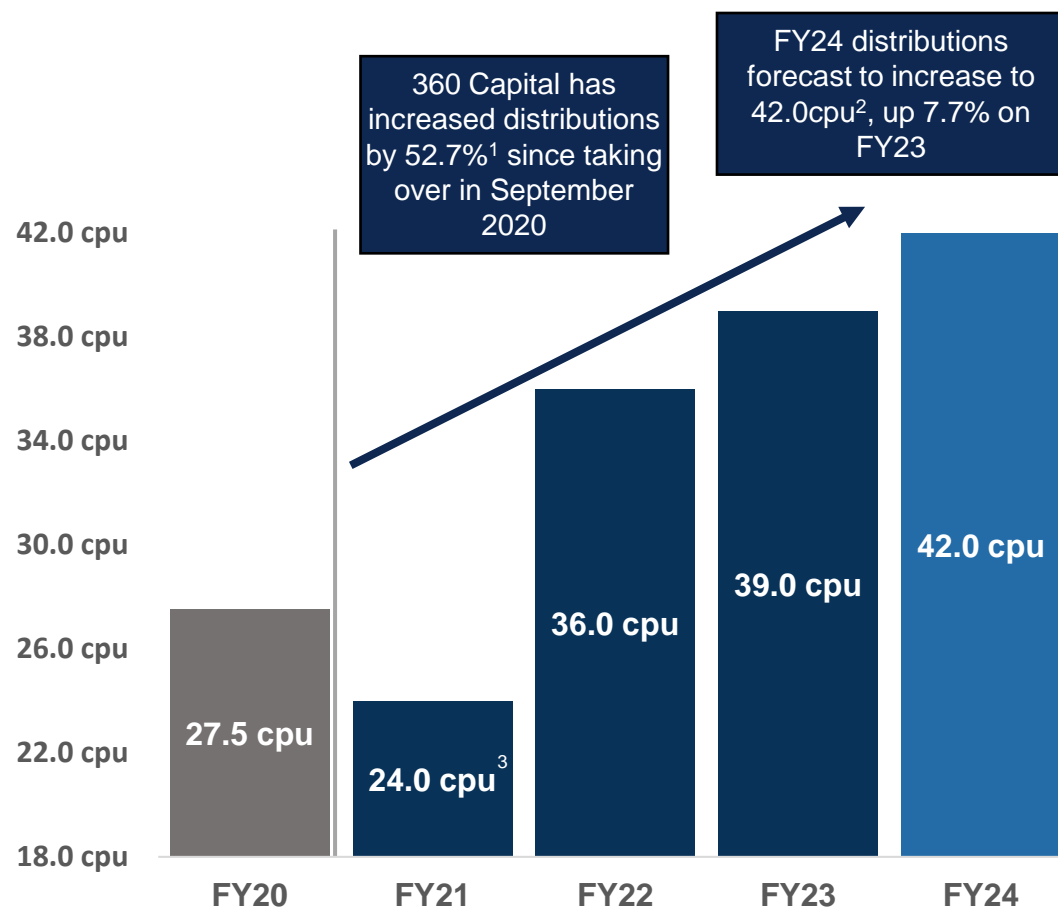
NTA per unit increased by 3.0 cpu from June 2023, supporting the Funds focus on capital preservation.

Balance sheet ¹	31-Dec-23	30-Jun-23	Change	Change
	(\$'000)	(\$'000)	(\$'000)	(%)
Cash and cash equivalents	10,320	14,408	(4,088)	(28)%
Trade and other receivables	23	9	14	156%
Loan investments	14,650	10,400	4,250	41%
Total assets	24,993	24,817	176	1%
Trade and other payables	180	145	35	24%
Provision for distributions	145	145	-	- %
Total liabilities	325	290	35	12%
Net tangible assets	24,668	24,527	141	1%
Units on issue	4,131	4,131	-	-
NTA per security	\$5.97	\$5.94	\$0.03	1%

1. Balance sheet presented excludes a proportion of a loan investment asset relating to non-controlling interest of \$1.7 million. This presentation differs from the statutory Financial Report for the half-year ended 31 December 2023.



Increased distributions and improving diversification



- Following the recapitalisation and the resetting of the strategy of the Fund, 360 Capital has continued to grow the distributions
- TCF is now partnering with 360 Capital Private Credit Fund (PCF) in loan investments with a strategy to ensure TCF remains near fully invested:
 - TCF can sell down up to 90% (maintaining 10% co-investment)
 - Recycling its capital without sitting on cash – maximising deployed capital
 - Increase diversification across multiple loans by building diversified portfolio
 - No extra fees to TCF investors
- As new loans investments are approved, TCF recycles capital back out of other loans via PCF and invests into new loans creating diversification
- PCF is continually raising to ensure it can fund sell down
- The Fund has \$10.3m of cash as at 31 December 2023. FY24 distribution forecasts are subject to deployment of this capital. The responsible entity will maintain a disciplined approach to the deployment of this capital and is currently assessing a number of loan opportunities to invest this capital.

1. Based on the increase in annual distributions since FY20 and forecast FY24 distributions of 42.0 cpu.
 2. FY24 distribution of 42.0 cpu is subject to redeployment of current cash within the Fund.
 3. Includes \$0.15 per unit paid to investors by 360 Capital on transition of managers in November 2020.



4. FY24 outlook and guidance



FY24 outlook and guidance

Growth

1

Growth objective of building and delivering a diversified loan portfolio

Measured growth profile with strong pipeline of executable investment opportunities when public capital markets normalise

Diversification

2

Target of 5-15 loan investments, further diversified by geography asset class and loan type

Diversification through co-investing with the unlisted 360 Capital Private Credit Fund and deal by deal loan syndication

Liquidity

3

Increase market capitalisation and diversity of investor base

Growth and diversification over time will improve liquidity

Forecast FY24 Distribution

4

Distribution guidance forecast to be 42.0 cpu¹, up 7.7% on FY23 distribution (8.2% forecast distribution yield on TCF trading price²)

Current loans written with rate floor

1. FY24 distribution of 42.0 cpu is subject to redeployment of current cash within the Fund.

2. Based on TCF's closing price on the ASX on 29 December 2023 of \$5.15 per unit.



Disclaimer

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Contact details

Tony Pitt

Executive Chairman

+61 2 8405 8860

Tony.Pitt@360capital.com.au

James Storey

Chief Executive Officer

+61 2 8405 8860

James.Storey@360capital.com.au

Glenn Butterworth

Chief Financial Officer

+61 2 8405 8860

Glenn.Butterworth@360capital.com.au

360 Capital **Identifying**
 strategic investment
opportunities



Appendix A. Manager's Track Record



Appendix A: manager's track record



Progressively drawn senior

Development of 94 apartments in Western Sydney

Net Realisation¹: \$46.7m
Facility Amount²: \$31.8m
(68% LVR / 79% LTC)

Term: 24 months

IRR: 15.5% p.a.



Cash advance senior

Construction of 30 residential apartments in Western Sydney.

Net Realisation¹: \$16.8m
Facility Amount²: \$ 8.2m
(48.9% LVR)

Term: 10 months

IRR: 13.5% p.a.



Cash advance senior

Medium density complex comprising 22 luxury apartments in New Farm, QLD

Net Realisation¹: \$8.0m
Facility Amount²: \$4.7m
(58% LVR)

Term: 12 months

IRR: 10.5% p.a.



Mezzanine

Construction of pre-leased hotel in Perth, WA

Net Realisation¹: \$76.0m
Facility Amount²: \$7.6m
(70% LVR / 78% LTC)

Term: 24 months

IRR: 16.8% p.a.



Progressively drawn senior

Development of 28 room residential accommodation facility in Coogee NSW

Net Realisation¹: \$11.4m
Facility Amount²: \$8.0m
(70% LVR / 80% LTC)

Term: 20 months

IRR: 15.1% p.a.

1. Net Realisation based on "As If Complete" valuation (net of GST & selling costs)
2. Facility amount including capitalised interest and fees



Appendix A: manager's track record



Progressively drawn senior

Development of 162 room 4-star hotel in Melbourne CBD

Net Realisation¹: \$53.0m
Facility Amount²: \$36.3m
(68% LVR / 79% LTC)

Term: 12.5 months

IRR: 16.8% p.a.



Progressively drawn senior

Development of 27 townhouses in Greenway, ACT

Net Realisation¹: \$13.5m
Facility Amount²: \$ 9.7m
(72% LVR)

Term: 6 months

IRR: 58% p.a.



Cash advance senior

Bridging facility for portfolio of seven (7) childcare assets leased to Affinity Education

Current Valuation: \$35.6m
Facility Amount²: \$23.1m
(65% LVR)

Term: 12 months

IRR: 11.5% p.a.



Cash advance senior

Medium density complex comprising 109 waterfront, residential apartments in Port Coogee, W.A.

Net Realisation¹: \$13.2m
Facility Amount²: \$ 8.0m
(61% LVR)

Term: 18 months

IRR: 13.3% p.a.



Cash advance senior

Medium density complex comprising 16 apartments and two (2) townhouses in Bulimba, QLD

Net Realisation¹: \$33.8m
Facility Amount²: \$23.7m
(70% LVR)

Term: 18 months

IRR: 9.25% p.a.

1. Net Realisation based on "As If Complete" valuation (net of GST & selling costs)
2. Facility amount including capitalised interest and fees



Appendix A: manager's track record



Cash advance senior

Residential development land in North West Sydney

Valuation: \$65.0m
Facility Amount: \$24.4m
(38% LVR)

Term: 18 months

IRR: 9.0% p.a.



Cash advance senior

30 completed apartments in South-western Sydney

Valuation: \$14.9m
Facility Amount: \$10.4m
(70% LVR)

Term: 18 months

IRR: 10.4%



Cash advance senior

21 completed four- and five-bedroom freehold houses

Valuation: \$26.0m
Facility Amount: \$18.2m
(70% LVR)

Term: 12 months

IRR: TBD



Cash advance senior

Newly completed petrol station development with 12-year lease

Valuation: \$6.6m
Facility Amount: \$4.6m
(70% LVR)

Term: 12 months

IRR: TBD